

To: Connecticut General Assembly Banking Committee

Comments re: SB No 407: An Act Preserving the Interests of Prior Title Holders.

SB 407 Protects the interests of lenders to CT residents who own homes and receive benefits from Social Services

My name is Matthew Stillman. I am an Elder Law attorney, practicing in this field for over fifteen (15) years. I also am the legislative director for the National Academy of Elder Law Attorneys, CT Chapter (CTNAELA), an organization of 150 Elder Law attorneys, representing thousands of Elderly clients from across the State of Connecticut.

Both my organization and I support SB 407, which reinforces the (long standing) concept that prior recorded liens take priority over subsequent liens placed on title.

It has long been accepted and codified by statute that any liens and/or encumbrances to one's real property in Connecticut must be 1) in writing, and 2) recorded in the local land records office. These requirements offer notice to all, prior and subsequent recorded lien holders of their priority or "place in line", for repayment from real property sales. SB 407 seeks to preserve this long standing, accepted policy that "first in time, first in right" for purposes of accepting liens on land records. SB 407 preserves the right that "later" liens shall not be effective against a prior recorded mortgage.

Failure to pass this bill opens up a "Pandora's Box" of problems for private and commercial lenders in the State of Connecticut. Unless order in land records are preserved, Banks and mortgage companies may

not continue to lend Seniors' money (via loans and/or reverse mortgages) if there is no definite order or repayment. Given the increased "risk" from possible title jumping of subsequent loans, if loans are offered, the terms may be too onerous for Seniors to utilize (higher interest levels, shorter terms, private mortgage insurance costs, etc...)

Given prohibitive existing lending terms imposed on loans to Seniors, they are approaching private lenders (family members, neighbors, friends) to utilize home equity (often a Senior's most valuable asset) as a means to stay at home and avoid institutionalization and/or hospitalization. Although the terms of these private loans may be slightly more favorable, if SB 407 does not pass, these loans may become too costly or prohibitive, thereby significantly limiting their use in the future.

If SB 407 does not pass, both private and public loans are at significant risk. This will likely result in less lending activity to Seniors by way of termination of reverse mortgages and/or far more restrictive loans, hampering Seniors' eligibility to obtain them, and/or benefit from home equity; in many situations, a Senior's only remaining valuable asset.

On behalf of CTNaela, our thousands of clients in Connecticut, their friends, neighbors, and those who want to keep Connecticut residents in their homes as long as possible, we ask this Committee to support SB 407 and recommend its passage.